

Message Text

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C O N F I D E N T I A L REYKJAVIK 0274

E.O. 11652: GDS

TAGS: PFOR, MARR, IC, NATO

SUBJECT: ALLEGED SOVIET OIL THREAT IN ICELAND

REFERENCE: REYKJAVIK 0244

BEGIN UNCLASSIFIED

1. IN EDITORIAL FEBRUARY 13, PEOPLE'S ALLIANCE NEWSPAPER THJODVILJINN COMMENTED ON STORIES ABOUT SOVIET OIL DELIVERIES AS FOLLOWS: QUOTE: SOMETIMES WHEN FOREIGN NEWS AGENCIES SEND POLITICAL NEWS TO THE REST OF THE WORLD, SUCH NEWS LOOKS STRANGE TO THE PEOPLE BACK HOME. VARIOUS EMPLOYEES OF MORGUNBLADID HAVE FOR YEARS ACTED AS REPRESENTATIVES OF FOREIGN PRESS SERVICES ... IN THE PAST FEW DAYS, MORGUNBLADID HAS ANNOUNCED WITH INCREASING ENERGY THAT THE SOVIETS WERE EXERTING INCREASING ECONOMIC PRESSURES ON ICELAND. IN THE BEGINNING, NOT MUCH WAS MADE OF IT AND IT WAS ONLY DISCUSSED AS A "RUMOR" IN WASHINGTON. THEN MORGUNBLADID STARTED QUOTING INTERNATIONAL NEWS AGENCIES AND THE TONE OF DOUBT THEY HAD FIRST USED DISAPPEARED. THE "RUMOR" HAD TURNED INTO "FACT". IT WAS ONLY THEN THAT LUDVIK JOSEPPSSON AND EINAR AGUSTSSON WERE COMPELLED TO SAY THAT THIS STRANGE NEWS THAT WAS CIRCULATING AROUND THE WORLD WAS COMPLETELY FALSE. END QUOTE.

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2. NOT TO BE OUTDONE, MORGUNBLADID UNDER HEADLINE

QUOTE: THE TASS SPOKESMAN IN ICELAND. END QUOTE.

SAID THAT QUOTE: IT WAS A UNIQUE EVENT THAT AN ICELANDIC MINISTER SHOULD HAVE CALLED A PRESS CONFERENCE TO DENY THAT THE SOVIET UNION WAS EXERTING ECONOMIC PRESSURES ON ICELAND . . . IT WAS UNIQUE THAT AN ICELANDIC MINISTER SHOULD TAKE ON HIMSELF THE JOB OF DEFENDING THE SOVIET UNION IN THIS MATTER. IT WOULD HAVE BEEN MORE NATURAL IF THE SOVIET EMBASSY OR THE MINISTRY OF COMMERCE IN MOSCOW WERE TO DENY THIS PRESSURE. HOWEVER, THEY HAVE A SPECIAL SPOKESMEN IN ICELAND. ON THE OTHER HAND, IT IS INTERESTING TO LOOK AT THE COMMENT OF LUDVIK JOSEPPSON THAT IT IS DANGEROUS TO ASSERT THAT THERE IS PRESSURE BECAUSE IT COULD HARM OUR TRADE WITH THE SOVIET UNION. WHY IS IT DANGEROUS TO WONDER WHY THE SOVIETS SUDDENLY REFUSED TO DELIVER THE OIL AND BUY OUR PRODUCTS AT EXACTLY THE SAME TIME WHEN DEFENSE MATTERS ARE BEING SERIOUSLY DISCUSSED IN THIS COUNTRY? WHAT DOES HE MEAN? WE HAVE A GOOD EXAMPLE FROM OUR NEIGHBORS IN FINLAND... JOSEPPSON SEEMS TO HAVE THE SAME WAY OF THINKING WHEN HE WANTS US NOT TO SPEAK ABOUT PRESSURES. THE PEOPLE UNDERSTAND THIS TO MEAN FINDLANDIZATION. WE CANNOT BYPASS THE FACT THAT OUR NEGOTIATORS FAILED TO MAKE AGREEMENTS ON THE SALES OF FISH PRODUCTS BECAUSE THE SOVIETS REFUSED TO PAY NORMAL PRICES . . . IT IS A FACT THAT THEY HAVE BETRAYED THE AGREEMENTS THEY MADE ON THE DELIVERIES OF OIL EVEN IF LUDVIK JOSEPPSON SAYS HE DOES NOT KNOW WHY. WHEN WE LOOK AT THESE FACTS, WE MUST CONCLUDE THAT PRESSURES HAVE BEEN EXERTED.

END QUOTE. END UNCLASSIFIED.

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3. IT NOW APPEARS THAT THIS ISSUE HAS SETTLED DOWN LARGELY TO AN EXCHANGE OF POLEMICS BETWEEN NEWSPAPERS OF RIGHT AND LEFT. IT SEEMS SIGNIFICANT THAT THJODVILJINN TRY'S TO BLAME WHOLE ORIGIN OF STORY ON MORGUNBLADID WHILE CREDITING FOREIGN SOURCES ONLY WITH HAVING REPEATED WHAT MORGUNBLADID ORIGINATED. POINT REMAINS, HOWEVER, THAT PROBABLY MAJORITY OF PEOPLE IN THIS SMALL AND SENSITIVE COUNTRY BELIEVE SOVIETS HAVE, IN FACT, EXERTED ECONOMIC PRESSURES ON ICELAND BECAUSE OF DEFENSE ISSUE.

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END CONFIDENTIAL.

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